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**DISTRICT ATTORNEY  
OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF  
LINCOLN AND UNION, LOUISIANA**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/26/06

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3 - 6
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government Wide Financial Statements</b>	
Statement of Net Assets	8
Statement of Activities	9
<b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Statement of Fiduciary Net Assets	14
<b>Notes to the Financial Statements</b>	15 - 20
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule - General Fund	22
Budgetary Comparison Schedule - Special Revenue Funds	23
<b>OTHER REPORTS AND SCHEDULES</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	25 - 26
Schedule of Findings and Questioned Costs	27
Schedule of Prior Year Findings	28
Management's Corrective Action Plan	29
Schedule of Expenditures of Federal Awards	30

**DON M. MCGEHEE**  
(A Professional Accounting Corporation)

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205 E. Reynolds Drive, Suite A  
Ruston, Louisiana 71273-1344

**INDEPENDENT AUDITOR'S REPORT**

Honorable Robert W. Levy  
District Attorney of the Third Judicial District  
P.O. Box 777  
Ruston, Louisiana 71273

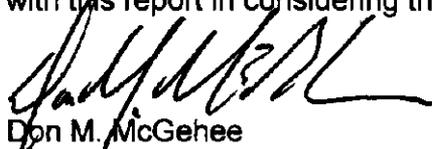
I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the District Attorney of the Third Judicial District, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2005, which collectively comprise the District Attorney's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District Attorney's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the aggregate remaining fund information of the District Attorney of the Third Judicial District, as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and pages 22 - 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, I have also issued a report dated June 22, 2006, on my consideration of the District Attorney's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

  
Don M. McGehee  
Certified Public Accountant  
June 22, 2006

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ROBERT W. LEVY, DISTRICT ATTORNEY**  
THIRD JUDICIAL DISTRICT OF LOUISIANA  
PARISHES OF LINCOLN & UNION

LINCOLN PARISH OFFICE:  
P.O. BOX 777  
RUSTON, LA 71273-0777  
(318) 251-5100



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UNION PARISH COURTHOUSE  
FARMERVILLE, LA 71241  
(318) 368-2201

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

Our discussion and analysis of the District Attorney's financial performance provides an overview of the financial activities for the year ended December 31, 2005. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 8.

**Basic Financial Statements**

The basic financial statements include government-wide and fund financial statements. The government-wide statements consist of a Statement of Net Assets and a Statement of Activities and provide information about the financial activities of our Office as a whole. The government-wide statements present a long-term view of our finances. Fund financial statements consist of the respective fund's balance sheet and the fund's statement of revenues, expenditures and changes in fund balance, if applicable. The fund statements tell how our services were financed in the short-term and what remains for future spending. The primary difference between the fund and government-wide statement presentation methods is that expenditures for capital assets are expensed in the fund financial statements but capitalized and depreciated in the government-wide statements.

Our office reports information about monies we hold as an agent for others in the fiduciary fund. We are responsible for ensuring that all assets held for others are distributed as ordered by the court. We cannot use the assets held for others to finance our operations.

**Statement of Net Assets and Statement of Activities**

One of the most important questions asked about our finances is, "Is the District Attorney's Office as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about our Office as a whole and about our activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report our Office's net assets and the changes in the net assets. You can think of net assets - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of our Office. Increases/(decreases) in our net assets are one indicator of whether our financial health is improving/(deteriorating).

We report the financial activity of all services provided by us in the Statement of Net Assets and Statement of Activities. Expenses primarily include salaries and related benefits, and office expenses. Fees received from the defendants, grants and other assistance, and the on-behalf payments received from the State of Louisiana finance most of our activities.

**Government-Wide Financial Analysis**

As noted above, net assets may serve as a useful indicator of an entity's financial position. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the governmental activities of our Office.

Table 1  
Total Net Assets

	<u>2005</u>	<u>2004</u>
Current Assets	\$ 310,480	\$ 235,335
Capital Assets	57,504	49,598
Total	<u>367,984</u>	<u>284,933</u>
Current Liabilities	<u>68,898</u>	<u>135,470</u>
Net Assets:		
Investment in Capital Assets	57,504	49,598
Unrestricted Net Assets	<u>241,582</u>	<u>99,865</u>
Total Net Assets	<u>\$ 299,086</u>	<u>\$ 149,463</u>

Net assets increased \$149,623 from the prior year. Unrestricted net assets, which is the part of net assets that can be used to finance the day-to-day operations of our office without constraints, increased \$141,717.

The increase was primarily a result of an increase in revenues, which improved cash flows so that cash reserves increased \$82,601 and which increased amounts due from others \$64,007.

Table 2  
Change in Net Assets

	<u>2005</u>	<u>2004</u>
Revenues		
Program Revenues:		
Fees	\$ 231,672	\$ 160,751
Intergovernmental	648,845	590,442
On-Behalf Revenue	276,023	299,208
Grants and Other Assistance	278,452	351,084
General Revenues:		
Intergovernmental	289,660	289,660
Interest Income	735	107
Miscellaneous Income	1,514	844
Total Revenues	<u>1,726,901</u>	<u>1,692,096</u>
Program Expenses:		
General Government-Judiciary	1,301,255	1,286,928
On-Behalf Expenses	<u>276,023</u>	<u>299,208</u>
Total Expenses	<u>1,577,278</u>	<u>1,586,136</u>
Increase in Net Assets	<u>\$ 149,623</u>	<u>\$ 105,960</u>

Total revenues increased by 2% (\$34,805). Fees increased 44% (\$70,921), mainly due to an increase of 168% (\$51,567) in cost of prosecution fees which began to be collected in May, 2004. Intergovernmental program revenue increased 10% (\$58,403) primarily as a result of a 37% (\$68,318) increase in transfers from the criminal court fund in lieu of covering certain expenses. Grant revenue decreased 21% (\$72,632) primarily due to budget decreases in existing grants.

Expenses decreased 1% (\$8,858), mainly due to increases in the areas of employee benefits and law library expense which were offset by decreases in office expense, penalties and interest, professional fees, and travel. Employee benefits increased \$24,510 primarily due to an increase in the required retirement contribution rates. Library expenses increased \$11,165 due to a new agreement with Thomson West which began in the last part of 2004. There were decreases of \$10,788 in office expense primarily in the Title IV-D and TASC programs. Penalties and interest expense decreased \$8,231 as cash flows improved and payments were made timely. Professional fees decreased \$11,040 mainly due to a decrease in counselor fees for the sexual assault program. There was also a decrease of \$7,119 in travel expenses.

The net effect was an \$43,663 increase in the total change in net assets for the year ended December 31, 2005 compared to the prior year increase.

### **Fund Financial Statements**

As of our year end on December 31, 2005, our governmental funds reported a fund balance of \$241,582, which is \$141,717 higher than last year's fund balance. During 2005, there was an increase in fees and intergovernmental revenues as described above. Expenditures decreased less than 1% (\$8,677) over the prior year as described above. Capital outlay expenditures were \$23,748 which was a 3% (\$715) decrease from the prior year. Although these capital outlay expenditures reduced unrestricted fund balance, it created new assets for our Office, as reported in the Statement of Net Assets.

### **General Fund Budgetary Highlights**

Actual general fund revenues were 11% (\$153,868) greater than budgeted revenues, and budgeted general fund expenditures and transfers were 6% (\$80,219) less than actual expenditures and transfers. Fees for prosecution exceeded budgeted amounts \$40,904 (24%); 2005 was the first full year of collection of these fees. Grant revenues exceeded budgeted amounts by \$59,530 (53%), primarily because some grants were not included in the budgeting process. Intergovernmental revenues exceeded budgeted amounts by \$36,586 (5%) due to an unexpected increase in amounts received from the criminal court fund. Actual on-behalf revenue exceeded budgeted revenues by \$16,023 (5%), as the budgeted amounts did not include salary benefits. Professional fees were budgeted \$37,536 higher than actual, as certain professional fee expenditures were reported as separate line items in the actual amounts to better described the nature of the expenditure (i.e. contract services \$16,647 and IT costs to Lincoln Parish Police Jury of \$14,000). Capital outlay was excluded from the budget amounts, yet there was \$21,850 of actual expenditures for capital outlay. Employee benefits were under budgeted \$16,222 (26%) due to an increase in retirement contribution rates. Budgeted salaries were \$19,310 (2%) less than actual expenditures, mainly because the budget excluded certain merit increases in staff compensation made during the year.

### **Capital Assets**

In 2005, we purchased computer equipment, other office equipment, and office furniture. For the upcoming year, we plan to purchase some additional computer equipment and upgrade our computer software, but there are no plans to issue debt to finance these purchases or any other future project.

### **Next Year's Budget**

We considered many factors when setting the budget for the year ending December 31, 2006. Anticipated governmental fund revenues are \$1,272,178, which is a 6% (\$78,222) decrease under the actual 2005 amounts, due to anticipated reductions in grant revenue. Governmental fund expenditures and transfers are expected to be \$1,220,261, a 2% (\$20,940) decrease from the 2005 actual amounts. This budgetary decrease is made up of various anticipated changes in expenditures. Total governmental fund balance is expected to increase by approximately \$51,900.

**Contacting the District Attorney's Office**

This financial report is designed to provide citizens and taxpayers with a general overview of the finances of the District Attorney's Office and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Attorney's Office at 100 W. Texas Avenue, Ruston, LA 71270.

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 117,689
Certificates of Deposit	25,000
Due from Other Governmental Units	131,470
Due from Grants	25,942
Due from Others	3,094
Prepaid Insurance	6,959
Interest Receivable	326
Capital assets, net of depreciation	<u>57,504</u>
<b>Total Assets</b>	<u><b>367,984</b></u>
<b>LIABILITIES</b>	
Accounts Payable	30,294
Accrued Liabilities	<u>38,604</u>
<b>Total Liabilities</b>	<u><b>68,898</b></u>
<b>NET ASSETS</b>	
Invested in Capital Assets	57,504
Unrestricted	<u>241,582</u>
<b>Total Net Assets</b>	<u><b>\$ 299,086</b></u>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government-Judicial	\$ <u>1,577,278</u>	\$ <u>1,156,540</u>	\$ <u>278,452</u>	\$ <u>(142,286)</u>
<b>Total Governmental Activities</b>	<b>\$ <u>1,577,278</u></b>	<b>\$ <u>1,156,540</u></b>	<b>\$ <u>278,452</u></b>	<b><u>(142,286)</u></b>
 General Revenues:				
Intergovernmental not restricted to specific programs				289,660
Interest earnings				735
Miscellaneous				<u>1,514</u>
Total General Revenues				<u>291,909</u>
Change in Net Assets				149,623
Net Assets - Beginning				<u>149,463</u>
Net Assets - Ending				<u>\$ 299,086</u>

See accompanying notes to financial statements.

**FUND FINANCIAL STATEMENTS**

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<u>General Fund</u>	<u>Special Revenue Funds</u>			<u>Total Governmental Funds</u>
		<u>Title IV-D</u>	<u>Worthless Checks</u>	<u>TASC</u>	
<b>ASSETS</b>					
Cash	\$ 47,047	\$ 35,915	\$ 28,765	\$ 5,962	\$ 117,689
Certificate of Deposit	0	0	25,000	0	25,000
Due from Other					
Governmental Units	55,725	12,227	0	63,518	131,470
Due from Grants	23,124	0	0	2,818	25,942
Due from Others	3,094	0	0	0	3,094
Interest Receivable	0	0	326	0	326
Due from Other Funds	143,396	0	0	0	143,396
Prepaid Expenses	6,959	0	0	0	6,959
<b>Total Assets</b>	<b>\$ <u>279,345</u></b>	<b>\$ <u>48,142</u></b>	<b>\$ <u>54,091</u></b>	<b>\$ <u>72,298</u></b>	<b>\$ <u>453,876</u></b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>EQUITY</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 29,760	\$ 89	\$ 0	\$ 445	\$ 30,294
Accrued Liabilities	38,604	0	0	0	38,604
Due to Other Funds	0	13,269	51,767	78,360	143,396
<b>Total Liabilities</b>	<b><u>68,364</u></b>	<b><u>13,358</u></b>	<b><u>51,767</u></b>	<b><u>78,805</u></b>	<b><u>212,294</u></b>
<b>FUND EQUITY</b>					
Fund Balance (Deficit) -					
Unreserved and					
Undesignated	<u>210,981</u>	<u>34,784</u>	<u>2,324</u>	<u>(6,507)</u>	<u>241,582</u>
<b>Total Liabilities and Fund Equity</b>	<b>\$ <u>279,345</u></b>	<b>\$ <u>48,142</u></b>	<b>\$ <u>54,091</u></b>	<b>\$ <u>72,298</u></b>	

Amounts reported for government activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

57,504

Net assets of government activities

**\$ 299,086**

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	General	Title IV-D	Worthless Checks	TASC	Total Governmental Funds
<b>REVENUES</b>					
Fees	\$ 169,457	\$ 0	\$ 62,215	\$ 0	\$ 231,672
Grants and Other Assistance	111,596	148,377	0	18,478	278,451
Interest Income	205	0	326	0	531
Intergovernmental	791,605	0	0	146,900	938,505
On-Behalf Revenue	276,023	0	0	0	276,023
Other Income	1,514	96	0	109	1,719
<b>Total Revenues</b>	<b>1,350,400</b>	<b>148,473</b>	<b>62,541</b>	<b>165,487</b>	<b>1,726,901</b>
<b>EXPENDITURES</b>					
Capital Outlay	21,850	0	0	1,898	23,748
Auto Expense	7,646	0	0	0	7,646
Contract Services	16,647	7,900	2,400	0	26,947
Dues	3,370	0	0	0	3,370
Employee Benefits	63,174	11,017	3,145	13,228	90,564
Insurance	78,859	13,421	2,983	14,595	109,858
LDAA Assessment	10,531	0	0	0	10,531
Library	22,206	0	0	0	22,206
Lincoln Police Jury	14,000	0	0	0	14,000
Office Expense	39,456	955	0	5,096	45,507
Other	1,264	0	0	0	1,264
Payroll Taxes	13,968	1,786	437	1,749	17,940
Penalties and Interest	690	0	0	0	690
Professional Fees	11,600	0	0	21,800	33,400
Rent	15,138	2,000	0	4,348	21,486
Salaries	824,171	130,545	25,710	118,906	1,099,332
Telephone	16,204	1,141	0	3,620	20,965
Training and Seminars	2,576	1,383	0	5,015	8,974
Travel	15,056	829	0	882	16,767
Trial Expenses	9,989	0	0	0	9,989
<b>Total Expenditures</b>	<b>1,188,395</b>	<b>170,977</b>	<b>34,675</b>	<b>191,137</b>	<b>1,585,184</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	162,005	(22,504)	27,866	(25,650)	141,717
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers	(52,806)	22,620	0	30,186	0
Net Changes in Fund Balances	109,199	116	27,866	4,536	141,717
Fund Balances(Deficit) - Beginning	101,782	34,668	(25,542)	(11,043)	99,865
Fund Balance (Deficit) - Ending	<b>\$ 210,981</b>	<b>\$ 34,784</b>	<b>\$ 2,324</b>	<b>\$ (6,507)</b>	<b>\$ 241,582</b>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**Net Change in Fund Balances-Total Governmental Funds** **\$ 141,717**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds reported capital outlays as expenditures. However, the statement of activities reflects expenditures for capital outlays as an increase in capital assets, and recognizes an economic cost of the asset as depreciation expense over the estimated useful life of the asset. Expenditures for capital outlays in the governmental funds of \$23,748 exceeded the \$15,842 depreciation expense in the statement of activities by \$7,906.

7,906

**Change in Net Assets of Government Activities** **\$ 149,623**

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2005**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ 74,399
Non-Cash Assets Seized	<u>22,625</u>
<b>Total Assets</b>	<u>97,024</u>
<b>LIABILITIES</b>	
Seizures not yet Forfeited	90,935
Judgements not yet Disbursed	<u>6,089</u>
<b>Total Liabilities</b>	<u>97,024</u>
<b>NET ASSETS</b>	<u>\$ 0</u>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the district attorney has charge of every criminal prosecution by the state in his district, is the representative of the state before the grand jury in his district, and is the legal advisor to the grand jury. He performs other duties as provided by law. The district attorney is elected by the qualified electors of the judicial district for a term of six years.

The accompanying basic financial statements of the District Attorney's Office are prepared in accordance with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies used by the District Attorney's Office are discussed below:

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

For financial reporting purposes, in conformity with GASB Statement No. 14, the District Attorney of the Third Judicial District is a component unit of the Lincoln Parish Police Jury. For the purposes of this financial report, this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

The Third Judicial District Truancy Assessment and Services Center (TASC) is a jointly governed organization. TASC's purpose is to identify potential juvenile delinquent behavior, using truancy as the primary indicator, and to correct it through early intervention. It operates through an interagency cooperation agreement with various agencies in Lincoln and Union parishes and with the District Attorney's Office. TASC is a component unit, but is not a legally separate organization from the District Attorney's Office. TASC is blended and reported within the Special Revenue Fund.

**FUND ACCOUNTING**

The accounts of the District Attorney are organized and operated on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Furthermore, each category is divided into separate "fund types." The fund categories used by the District Attorney's Office are governmental funds and fiduciary funds. Governmental funds account for the District Attorney's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Fiduciary funds account for the activity of the District Attorney as an agent for third parties.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental Funds

General Fund

The General Fund is the general operating fund of the district attorney. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The District Attorney's Office uses the following special revenue funds:

Title IV-D Fund - To account for the receipt and expenditures of reimbursement grants from the Louisiana Department of Health and Human Resources, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the social security act. The purpose of the fund is to enforce the support obligation owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

Worthless Checks Fund - To account for the receipt and use of the proceeds from fees collected in accordance with Louisiana Revised Statute 16:15, which provides that the District Attorney receives, from the principle to the offense, a prescribed amount upon collection of a worthless check. The fund may be used to defray the salaries and expenses of the office of the District Attorney, but may not be used to supplement the salary of the District Attorney.

Third Judicial District Truancy Assessment and Service Center (TASC) - To account for the receipt and use of monies from the State of Louisiana-Judicial Branch, authorized by the Children's Code Chapter 15, and a grant to operate a Truancy Assessment and Services Center. The TASC addresses the underlying causes of truancy to coordinate the pooling of existing resources targeted at the child and family and the providing of appropriate action by services and treatment agencies in Lincoln and Union parishes. The TASC operates through an interagency cooperation with the Third Judicial District Judges, Lincoln and Union Parish School Boards, Lincoln and Union Parish Police Jury, Lincoln and Union Parish Sheriff's Office, Louisiana Tech University, various other organizations, and the District Attorney's Office. The TASC is not legally separate from the District Attorney's Office.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the District Attorney's Office as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations:

Forfeiture and Fine Fund - To account for assets received under the asset forfeiture law, under the bond forfeiture law, and for bail bond license fees. The asset forfeiture funds and the bond forfeiture funds are held until a judgment is rendered on each case instructing the District Attorney's Office on the disbursements of the funds. The bail bond license fees are distributed to various agencies, including the District Attorney's general fund, as provided by law.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Assets and Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues included in the Statement of Activities derive directly from the program itself and reduce the cost of the function to be financed from the general revenues.

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. An availability period of 60 days was used. Revenues accrued include commissions (collected by another governmental unit and remitted to the District Attorney), other intergovernmental revenue, and reimbursements for expenditures from the state. Revenues that are not considered susceptible to accrual include certain charges for fees and forfeitures. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**BUDGETS AND BUDGETARY ACCOUNTING**

The District Attorney's Office prepared an operating budget on its General Fund and Special Revenue Funds for the year ended December 31, 2005. Budgetary data is prepared based on prior year actual operating revenues and expenditures. It is monitored by management and amended throughout the year as necessary. The District Attorney's Office performs only a custodial function in the case of the agency fund and therefore a budget for this fund is not appropriate. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

The 2005 general fund budget was authorized by the District Attorney, made available for public inspection at the District Attorney's Office, and adopted by the District Attorney. The budget was not amended prior to year end by the District Attorney.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits with original maturities of three months or less from the date of acquisition. It also includes cash on hand and undeposited currency being held in trust for evidence. Under state law, the District Attorney may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under the laws of any state of the United States, or under the laws of the United States.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

**CAPITAL ASSETS**

Capital assets are capitalized at cost and depreciated over their estimated useful lives. Donated assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture and Equipment	5 - 7 years
Vehicles	5 - 7 years

**VACATION AND SICK LEAVE**

Employees earn 12 days of vacation and sick leave each year. Vacation and sick leave must be used in the year earned. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

**NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT**

Cash consists of demand deposits and cash on hand. Deposits are carried at cost which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. Pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2005, the District Attorney's Office has \$238,943 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

There was also a balance of \$3,385 recorded as cash on hand and \$7,679 recorded as undeposited currency being held in trust for evidence at December 31, 2005, which was uncollateralized.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2005

**NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consisted of the following:

Commissions and Fees from -	
City of Ruston	\$ 918
Lincoln Parish Sheriff's Office	8,493
Union Parish Sheriff's Office	6,272
Lincoln Parish Criminal Court Fund	12,456
Union Parish Criminal Court Fund	27,586
State of Louisiana-Judicial Branch	63,518
Title IV-D Reimbursement Grant Monies from the State of LA, DHHR	<u>12,227</u>
<b>TOTAL</b>	<b><u>\$ 131,470</u></b>

**NOTE 4 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2005, are as follows:

	<u>Balance</u> <u>01/01/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/05</u>
<b><u>Capital Assets at Cost</u></b>				
Furniture and Equipment	\$ 224,896	\$ 23,748	\$ 0	\$ 248,644
Vehicles	<u>55,566</u>	<u>0</u>	<u>0</u>	<u>55,566</u>
<b>TOTALS</b>	<b><u>280,462</u></b>	<b><u>23,748</u></b>	<b><u>0</u></b>	<b><u>304,210</u></b>
<b><u>Less Accumulated</u></b>				
<u>Depreciation</u>				
Furniture and Equipment	176,229	15,185	0	191,414
Vehicles	<u>54,635</u>	<u>657</u>	<u>0</u>	<u>55,292</u>
<b>TOTALS</b>	<b><u>230,864</u></b>	<b><u>15,842</u></b>	<b><u>0</u></b>	<b><u>246,706</u></b>
<b>Net Capital Assets</b>	<b><u>\$ 49,598</u></b>	<b><u>\$ 7,906</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 57,504</u></b>

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at December 31, 2005, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 143,396	\$ 0
Special Revenue Fund - Title IV-D	0	13,269
Special Revenue Fund - Worthless Check	0	51,767
Special Revenue Fund - TASC	<u>0</u>	<u>78,360</u>
<b>TOTAL</b>	<b><u>\$ 143,396</u></b>	<b><u>\$ 143,396</u></b>

**NOTE 6 - PENSION PLANS**

The District Attorney's Office contributes to the District Attorneys' Retirement System and the Parochial Employees Retirement System of Louisiana. The District Attorney and Assistant District Attorneys are members of the Louisiana District Attorneys' Retirement System. All other employees are members of the Parochial Employees Retirement System of Louisiana, if they are permanent employees working at least 28 hours a week.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**NOTE 7 - PENSION PLANS (CONTINUED)**

The Parochial Employees Retirement System (PERS) is a cost-sharing, multiple-employer, defined benefit pension plan which is administered and controlled by a board of trustees. The PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Louisiana Legislature establishes and amends benefit provisions. The PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

The PERS has a Plan A and a Plan B; the District Attorney's Office participates in Plan A. Plan A members are required to contribute 9.5% of their annual covered salary, and the District Attorney's Office is required to contribute an actuarially determined rate. The rate for 2002 through 2005 was 7.75%, 7.75%, 11.75%, and 12.75%, respectively, of annual covered payroll. The contribution requirements of plan members and the District Attorney's Office are established and may be amended by the Louisiana Legislature. The District Attorney's contributions to PERS for the years ended December 31, 2002, 2003, 2004, and 2005 were \$19,188, \$27,657, \$55,645, and \$64,659, respectively, equal to the required contributions for each year.

The District Attorneys' Retirement System (DARS) is a defined benefit pension plan which provides retirement allowances and other benefits. It is a statewide retirement system which is administered and controlled by a board of trustees. The DARS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The Louisiana Legislature establishes and amends benefit provisions. The DARS issues a publicly available financial report that includes financial statements and required supplementary information for DARS. That report may be obtained by writing to District Attorneys' Retirement System of Louisiana, 2109 Decatur Street, New Orleans, Louisiana 70116, or by calling (504) 947-5551.

Plan members are required to contribute 7% of their annual covered salary, and the District Attorney's Office is required to contribute an actuarially determined rate. The rate for the years ended June 30, 2002 through June 30, 2005 was 0%, 0%, 3.75%, and 6%, respectively, of annual covered payroll. The contribution requirements of plan members and the District Attorney's Office are established and may be amended by the Louisiana Legislature. The District Attorney's contributions to DARS for the years ended December 31, 2002, 2003, 2004, and 2005 were \$0, \$0, \$4,972, and \$13,218, respectively, equal to the required contributions for each year.

**NOTE 7 - ON-BEHALF PAYMENTS**

Employees of the District Attorney's Office received salaries and fringe benefits from the State of Louisiana. The following is a summary of these on-behalf payments:

General Fund

Salaries	\$ 260,000
Fringe Benefits	<u>16,023</u>
Total On-Behalf Payments	<u>\$ 276,023</u>

Fringe benefits paid by the State of Louisiana include pension plan contributions to the District Attorneys' Retirement System.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	Variance with Budget Positive (Negative)
<b>REVENUES</b>			
Fees	\$ 128,553	\$ 169,457	\$ 40,904
Grants and Other Assistance	52,066	111,596	59,530
Interest Income	28	205	177
Intergovernmental	755,019	791,605	36,586
On-Behalf Revenue	260,000	276,023	16,023
Other Income	866	1,514	648
<b>TOTAL REVENUES</b>	<u>1,196,532</u>	<u>1,350,400</u>	<u>153,868</u>
<b>EXPENDITURES</b>			
Capital Outlay	0	21,850	(21,850)
Auto Expense	5,620	7,646	(2,026)
Contract Services	0	16,647	(16,647)
Dues and Subscriptions	2,100	3,370	(1,270)
Employee Benefits	46,952	63,174	(16,222)
Insurance	91,670	78,859	12,811
LDAA Assessment	10,355	10,531	(176)
Library	14,000	22,206	(8,206)
Lincoln Parish Police Jury	0	14,000	(14,000)
Office Expenses	45,874	39,456	6,418
Other	14,266	1,264	13,002
Payroll Taxes	10,911	13,968	(3,057)
Penalties and Interest	0	690	(690)
Professional Fees	49,136	11,600	37,536
Rent	18,031	15,138	2,893
Salaries	804,861	824,171	(19,310)
Telephone	19,891	16,204	3,687
Training and Seminars	5,846	2,576	3,270
Travel and Meals	10,780	15,056	(4,276)
Trial Expenses	10,689	9,989	700
<b>TOTAL EXPENDITURES</b>	<u>1,160,982</u>	<u>1,188,395</u>	<u>(27,413)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>35,550</u>	<u>162,005</u>	<u>126,455</u>
<b>OTHER FINANCING USES</b>			
Operating Transfers Out	<u>0</u>	<u>(52,806)</u>	<u>(52,806)</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>0</u>	<u>(52,806)</u>	<u>(52,806)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES</b>	35,550	109,199	73,649
<b>FUND BALANCE - BEGINNING</b>	<u>28,420</u>	<u>101,782</u>	<u>73,362</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 63,970</u>	<u>\$ 210,981</u>	<u>\$ 147,011</u>

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS  
DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Budget Positive (Negative)</u>
<b>REVENUES</b>			
Fees	\$ 44,538	\$ 62,215	\$ 17,677
Grant	210,389	166,855	(43,534)
Intergovernmental	144,468	146,900	2,432
Interest Income	51	205	154
<b>TOTAL REVENUES</b>	<u>399,446</u>	<u>376,175</u>	<u>(23,271)</u>
<b>EXPENDITURES</b>			
Capital Outlay	2,000	1,898	102
Contract Services	0	10,300	(10,300)
Employee Benefits	28,499	27,390	1,109
Insurance	30,269	30,999	(730)
Office Expense	10,299	6,051	4,248
Other	3,000	0	3,000
Payroll Taxes	4,874	3,972	902
Professional Fees	35,000	21,800	13,200
Rent	12,774	6,348	6,426
Salaries	274,877	275,161	(284)
Telephone	6,900	4,761	2,139
Training and Seminars	3,044	6,398	(3,354)
Travel	12,601	1,711	10,890
<b>TOTAL EXPENDITURES</b>	<u>424,137</u>	<u>396,789</u>	<u>27,348</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(24,691)</b>	<b>(20,614)</b>	<b>4,077</b>
<b>OTHER FINANCING SOURCES</b>			
Operating Transfers In	<u>0</u>	<u>52,807</u>	<u>52,807</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>0</u>	<u>52,807</u>	<u>52,807</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<b>(24,691)</b>	<b>32,193</b>	<b>56,884</b>
<b>FUND DEFICIT-BEGINNING</b>	<u>(26,075)</u>	<u>(26,075)</u>	<u>0</u>
<b>FUND BALANCE (DEFICIT)-ENDING</b>	<b>\$ (50,766)</b>	<b>\$ 6,118</b>	<b>\$ 56,884</b>

**OTHER REPORTS AND SCHEDULES**

**DON M. MCGEHEE**

*(A Professional Accounting Corporation)*

P.O. Box 1344

205 E. Reynolds Drive, Suite A

Ruston, Louisiana 71273-1344

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Robert W. Levy  
District Attorney of the Third Judicial District  
P.O. Box 777  
Ruston, Louisiana 71273

I have audited the financial statements of the governmental activities and the aggregate remaining fund information of the District Attorney of the Third Judicial District, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2005, which collectively comprise the District Attorney's basic financial statements and have issued my report thereon dated June 22, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the District Attorney's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the District Attorney's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item #2005-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance or other matters that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item #2005-2 and #2005-3.

This report is intended solely for the information of the District Attorney's Office, the Office of Family Security for the Provisions of Child Support Services, the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, and the Legislative Auditor of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Don M. McGehee  
Certified Public Accountant  
June 22, 2006

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

I have audited the financial statements of the District Attorney as of and for the year ended December 31, 2005, and have issued my report thereon dated June 22, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2005 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards:

**Section 1 Summary of Auditor's Reports**

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**Section 2 Financial Statement Findings**

**Finding 2005-1. Separation of Duties.** The District Attorney's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

**Finding 2005-2. Unfavorable Budget Variance.** The actual general fund expenditures and transfers were 7% more than the amount budgeted. State law requires that the budget be amended when it is anticipated that there will be a variance that is greater than 5%. I recommend that the budget be monitored more closely and amended when anticipated expenditures are expected to exceed budgeted amounts by more than 5% in future budgets.

**Finding 2005-3. Budgeted Expenditures Exceed Funds Available.** The special revenue funds budget for 2005 had expenditures of \$424,137, but the budgeted funds available were only \$373,371. State law requires the expenditures not to exceed total estimated funds available. I recommend that expenditures not exceed funds available in future budgets.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**FINDINGS**

**RESPONSE**

**2004-1. Separation of Duties.** The District Attorney's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Unresolved. See Finding 2005-1.

**SECTION 2 MANAGEMENT LETTER**

**SUGGESTIONS**

**RESPONSE**

**2004-2. Budgeted Expenditures Exceed Funds Available.** Recommended that expenditures not exceed funds available in future budgets prepared.

Unresolved. See Finding 2005-3.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT**

**FINDINGS**

**2005-1. Separation of Duties.** Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

**2005-2. Unfavorable Budget Variance.** The general fund had an unfavorable budget variance of 8% for transfers and expenditures. According to state law, the budget should be amended when anticipated amounts exceed budget estimates by more than 5%. I recommend that budget variances be monitored more closely and that the budget be amended when anticipated amounts exceed budget amounts by more than 5%.

**2005-3. Budgeted Expenditures Exceed Funds Available.** The special revenue funds budget for 2005 had expenditures of \$424,137, but the budgeted funds available were only \$373,371. According to state law, the adopted budget should not have expenditures that exceed funds available. I recommend that expenditures not exceed funds available in future budgets.

**RESPONSE**

The District Attorney's Office has an accounting workload that can be easily managed by two employees. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of resources.

The financial administrator will monitor the 2006 budget variances more closely.

The financial administrator will resolve this problem in the next budget prepared.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT EFFECTIVE DATE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	FEDERAL AWARDS EXPENDED
<b>U.S. Department of Health and Human Services:</b>					
Passed Through Louisiana Department of Social Services-- Office of Family Support for the Provision of Child Support Enforcement Services Child Support Enforcement Title IV-D	Before 7-1-05 After 6-30-05	13.783	355-02602 N/A	\$ 152,212 152,212	\$ 75,590 72,787
Passed Through Louisiana Foundation Against Sexual Assault, Inc. Rape Prevention Education Grant	7-1-04 to 6-30-05 7-1-05 to 6-30-06	93.136	N/A N/A	35,966 30,825	19,427 <u>15,373</u>
<b>Total Department of Health and Human Services</b>					
<b>U.S. Department of Justice:</b>					
Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice Combination Prosecution	1-1-05 to 12-31-05	16.588	M04-1-002	21,066	21,066
Develop Accountability Based Sanctions Accountability Programs	10-1-04 to 3-31-06	16.523	A03-8-039	34,710	18,478
Victim Assistance Program	10-1-04 to 9-30-05 10-1-05 to 9-30-06	16.575	C04-1-002 C05-1-002	21,343 20,866	16,009 5,217
MDO Prosecution Unit	10-1-04 to 9-30-05 10-1-05 to 9-30-06	16.579	B04-1-015 B05-1-007	9,657 9,051	7,242 <u>2,263</u>
<b>Total Department of Justice</b>					
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<b>\$ 253,452</b>